



Prescription for an Ailing Budget

The remedy is simple

Is your budget a bit under the weather? Perhaps it is feeling a bit frail and out of sorts. Here is just what the doctor might prescribe to restore your budget's health and vitality:

- decrease expenses
- increase income
- restructure debt

This prescription might seem too simple, but the best medicine usually is—like when your doctor recommends aspirin, liquids, and rest for the common cold. We often think that something more exotic should be prescribed. But ailing bodies, just like ailing budgets, are best cured by common remedies faithfully applied.

R_x Decrease expenses

Decreasing expenses is as difficult for most people as losing weight is—and for the same reasons. Most of us tend to view “wants” as “needs.” Here are some wants you might want to replace if you know you should: cable television service or stations with library cards; cellular phones with family walks; recreation vehicles with bus passes; trips to fast-food havens with your own creations in stir-fry cuisine; celebrity-brand shampoos, cereals, and clothing with house brands; cigarettes and beer with shooting baskets and swimming laps; soda, coffee, and plate lunches at work with refillable water bottles and sandwiches from home.

Only you know what you should do. So be creative. To get started, you might do only a few things and do them to a limited extent. You could then add other things, as your situation changes.

R_x Increase income

Increasing income is also difficult. It is not easy to find a better job or a second job or to work more hours, especially if you have children and other responsibilities at home. Finding a better job or working more to earn more is not easy, but it is a necessity for many people and a viable option for those who have the opportunity, ability and determination to do so.

Other ways to increase income may include reducing the taxes withheld from your income if a large year-end



refund indicates too much is being withheld. This money could then be received with your regular paychecks and used to help pay your bills. If you are eligible for the Earned Income Credit this year, you could receive advanced payments with your regular paychecks by submitting Form W-5 with your employer. You might also obtain additional income by charging for special services that you can

do for others, such as car-pooling with a co-worker, babysitting or tutoring a neighbor's child, making centerpieces for special events, or fixing meals or doing yard work for an elderly person.

R_x Restructure debt

Reorganizing your debts could lower your monthly payments but might increase your finance charges and extend the period of repayment. However, if you can consolidate higher-interest loans into lower-interest loans, you can lower both your credit costs and your payments.

If you really need to reduce your monthly debt payments—even if it means extending your loans and paying more interest—you can seek credit counseling to develop a reduced payment plan that is acceptable to your creditors. Then, when your budget recovers, you can increase your payments and begin chipping away at whatever debt balances loom over your finances.

Don't go it alone

Many organizations and agencies provide invaluable assistance to people needing help in controlling their budget, changing or gaining employment, or getting out of debt. Look in your telephone book to find the directory of services available in your locality.

Look for money management programs under your state university system, various government-related or -sponsored employment services, and nationally accredited consumer credit counseling services. They can help you get yourself on the road to financial recovery and success.

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